

# Perception of Micro, Small and Medium Enterprises (MSMEs) in Pekanbaru towards the Rupiah Redenomination Policy Plan

Rizky Rizaldi<sup>1</sup>, Yelly Zamaya<sup>2</sup>

<sup>1,2</sup>Ekonomi Pembangunan, Universitas Riau

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## ABSTRACT

*This study aims to analyze the perceptions of Micro, Small, and Medium Enterprises (MSMEs) in Pekanbaru City regarding the planned Rupiah redenomination policy. Redenomination, which involves simplifying the nominal value of the currency by removing several zeros, is expected to enhance the efficiency of the payment system and promote economic growth. However, this policy has also raised concerns among MSME actors regarding adjustment costs, potential price increases, and a decline in public purchasing power. The research method employed a mixed-method approach, with a sample of 100 MSME respondents selected through stratified random sampling. Data were collected through questionnaires and interviews, then analyzed using the Chi-Square test and cross-tabulation. The results indicate differing perceptions among MSME actors regarding the purpose, benefits, and impacts of redenomination. Some MSME actors view the policy positively, believing it can simplify transaction calculations, increase efficiency, and attract foreign investment. However, others are concerned about adjustment costs, potential price hikes, and public misunderstandings of the policy. This study concludes that intensive socialization and education from Bank Indonesia are necessary to improve public understanding, especially among MSME actors, regarding the benefits and challenges of redenomination. Recommendations for further research include expanding the scope and conducting more in-depth analysis to obtain a more comprehensive picture of MSME actors' perceptions of the redenomination policy.*

Penelitian ini bertujuan untuk menganalisis persepsi pelaku Usaha Mikro, Kecil, dan Menengah (UMKM) di Kota Pekanbaru terhadap kebijakan redenominasi Rupiah yang direncanakan. Redenominasi, yaitu penyederhanaan nilai nominal mata uang dengan menghilangkan beberapa digit nol, diharapkan dapat meningkatkan efisiensi sistem pembayaran dan pertumbuhan ekonomi. Namun, kebijakan ini juga menimbulkan kekhawatiran di kalangan pelaku UMKM terkait biaya penyesuaian, potensi kenaikan harga, dan penurunan daya beli masyarakat. Metode penelitian yang digunakan adalah pendekatan campuran (mixed method) dengan sampel 100 responden UMKM yang dipilih secara acak bertingkat. Data dikumpulkan melalui kuesioner dan wawancara, kemudian dianalisis menggunakan uji Chi-Square dan tabulasi silang. Hasil penelitian menunjukkan adanya perbedaan persepsi di antara pelaku UMKM terkait tujuan, manfaat, dan dampak redenominasi. Sebagian pelaku UMKM memandang positif kebijakan ini karena diyakini dapat menyederhanakan perhitungan transaksi, meningkatkan efisiensi, dan menarik minat investor asing. Namun, sebagian lainnya khawatir akan biaya penyesuaian, potensi kenaikan harga, dan kesalahpahaman masyarakat terhadap kebijakan ini. Penelitian ini menyimpulkan bahwa sosialisasi dan edukasi yang intensif dari Bank Indonesia diperlukan untuk meningkatkan pemahaman publik, terutama pelaku UMKM, mengenai manfaat dan tantangan redenominasi. Rekomendasi untuk penelitian selanjutnya adalah memperluas cakupan penelitian dan melakukan analisis yang lebih mendalam untuk mendapatkan gambaran yang lebih komprehensif mengenai persepsi pelaku UMKM terhadap kebijakan redenominasi.



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### Corresponding Author:

Yelly Zamaya,

Email: [yelly.zamaya@lecturer.unri.ac.id](mailto:yelly.zamaya@lecturer.unri.ac.id)

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## **INTRODUCTION**

Redenomination is the process of changing the nominal value of banknotes or coins in circulation (Ullah et al., 2017). Countries that redenominate are generally developing countries that have a history of hyperinflation. Moslye explained that a high inflation rate is the reason for a country to conduct one of the indicators that show the success of redenomination. If the inflation rate becomes higher after redenomination, then the country is considered to have failed (Astrini et al., 2016). In order to realize an efficient, fast, safe, and reliable payment system, Bank Indonesia conducts redenomination policy. Redenomination of Rupiah is the authority of Bank Indonesia in order to regulate and maintain the payment system in Indonesia. This policy should not be interfered with by other parties (Hardiyanto, 2013).

One of the reasons why Bank Indonesia conducted the rupiah redenomination policy was due to the efficiency and inconvenience in conducting transactions due to the too-large denomination of money, which requires a lot of time to record, count, and carry money. However, in its implementation, the redenomination policy is not as easy as expected. Redenomination will be considered a success when a country's inflation is stable compared to before redenomination, whereas if there is hyperinflation in the country after redenomination, it will be considered a failure.

The Indonesian government redenominated the rupiah on December 13, 1965. This sudden policy was carried out by issuing an area of Rp 1 with a value or purchasing power equivalent to the old Rp 1,000. This regulation is based on Presidential Decree Number 27 of 1965 which aims to realize monetary unity in the territory of Indonesia. The rupiah redenomination that is currently being discussed has actually been discussed in 2017. At that time, redenomination was targeted to be included in the National Legislation Program in 2018 (Puspita & Sulistya, 2024). Then if everything goes according to plan, as of January 1, 2020 redenomination can begin in Indonesia. However, as is known, the target was not met (Widiyani, 2020).

The decision was taken due to the high burden of financing development projects. In addition, inflation also rose so the government simplified the value of the rupiah (Tobing, 2020). By redenominating in 1965, Indonesia managed to overcome inflation and reduce the nominal burden in daily economic transactions, which had a positive impact on economic stability and transaction efficiency. Although there are changes in nominal terms, the public needs time to adapt to these changes. Public education and explanations from the government are needed to avoid confusion (History of Bank Indonesia 1959-1966).

There is a need for socialization to the public about redenomination because ignorance of the policy will cause economic turmoil in the community. This should also be considered by Bank Indonesia (BI) as the party responsible for the redenomination. The psychological impact of the public and investors is highly dependent on BI in socializing redenomination. Some people are worried about the uncertainty facing the redenomination plan or the simplification of rupiah numbers. Redenomination is clearly very different from sanering, which is the cutting of people's purchasing power through a cut in the value of money. Redenomination will not harm the public because the value of money against goods will not change, only the simplification of nominal value in the form of the elimination of several zero digits.

Micro, Small and Medium Enterprises (MSMEs) are the most important pillars of the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs, the number of MSMEs currently reaches 64.2 million with a contribution to GDP of 61.07 percent or worth 8,573.89 trillion rupiah (Junaidi, 2024). The contribution of MSMEs to the Indonesian economy includes the ability to absorb 97 percent of the total workforce and can raise up to 60.4 percent of total investment (Bakrie et al., 2024). Micro, small and medium enterprises are widespread throughout Indonesia, especially in Pekanbaru City, as the capital of Riau Province has grown rapidly along with the current development progress. In running the wheels of government and development, Pekanbaru City is expected to be able to answer every problem and challenge that arises in accordance with socio-economic, political and other developments in society. In the Regional Regulation of Pekanbaru City No.2 of 2020, that Pekanbaru City is divided into 15 (fifteen) sub-districts consisting of 83 villages (Badan Pusat Statistik, 2023). There are many micro, small and medium enterprises in Pekanbaru City. Based on data from the Cooperative, Small and Medium

Enterprises Office of Pekanbaru City, there are currently 26.684 unit micro, small and medium enterprises in Pekanbaru City in 2024. The following table shows the number of micro, small and medium enterprises in Pekanbaru City:

**Table 1.**  
Number of Micro, Small and Medium Enterprises in Pekanbaru City 2017-2024

Year	Number MSMEs
2017	4.112
2018	12.563
2019	14.076
2020	15.126
2021	18.647
2022	25.335
2023	25.074
2024	26.684

Source: Cooperative, Small and Medium Enterprises Office of Pekanbaru City, 2024

Redenomination is related to business actors and the general public. The redenomination that will be implemented is considered to have several impacts that will be felt by the people in Pekanbaru City, especially for business actors. There is enthusiasm and pessimism from the community towards the policy. It is not easy to understand the concept of redenomination and how people will use the new currency in the transition period. After so many policies conducted by the government in Indonesia's economy, there will be some questions such as why Bank Indonesia needs to redenominate, how people think about the policy, and whether redenomination is really beneficial for the people.

The redenomination will affect the people in Pekanbaru City. There are pros and cons for the policy. According to Hardiyanto and Daulay (2013), this is because many people do not understand the concept of redenomination, how people use the new money during the transition period and some people will assume that redenomination is the same as sanering (cutting people's purchasing power through cutting the value of money) which causes public distrust of money and the government. Another impact of the illusion of money or also called psychological bias is the impact that arises because of changes in the nominal currency, some people will consider the price of goods to be cheaper (Priyono, 2013).

## METHOD

### Research Method

This research employs a mixed method approach to analyze the perceptions of micro, small, and medium enterprises (MSMEs) in Pekanbaru City regarding the rupiah redenomination policy. The population consists of 25,335 MSMEs, and the sample size of 100 respondents is determined using the Slovin formula, with stratified random sampling applied to divide the sample into micro (76), small (14), and medium (10) businesses across 15 sub-districts. Data collection involves primary data gathered through questionnaires and interviews with MSME respondents, focusing on respondent characteristics and economic indicators, as well as secondary data from institutions like the Central Bureau of Statistics and the Pekanbaru City Cooperative, Small and Medium Enterprises Office. The study uses a Likert Scale to measure respondents' perceptions and knowledge, ranging from 1 (strongly disagree) to 5 (strongly agree), and analyzes the data through crosstabulation and the Chi-Square test to determine the significance of the relationship between variables. The main variables analyzed are perception (public impression of the redenomination policy, including its purpose, benefits, and impact on MSMEs). The

research aims to provide a systematic description of MSMEs' responses to the redenomination policy, using descriptive statistics to summarize findings and ensure accuracy.

## RESULT AND DISCUSSION

### Result

**Table 2.**  
Crosstab and Chi-square Purposes of Redenomination

Perception	Value	Df	Sig asimtolik (2 side)	Chi-square Table	Findings
Efficiency of calculations in the payment system	49,105a	8	.001	15.507	There is a significant difference in the perception of MSME actors on the purpose of the redenomination policy plan for calculation efficiency in the payment system and accelerating economic growth, and an insignificant the redenomination policy plan to Improve Economic Stability
Increase Economic Stability	13,711a	8	.088	15.507	
Accelerate economic growth	29,906a	8	.001	15.507	

Source: Data processed by the researcher, 2024

The chi-square crosstab results in table 2 in the first point show that there is a significant difference between respondents' perceptions of the redenomination plan related to the purpose of redenomination. This means that there are differences in respondents' perceptions related to the purpose of redenomination. From the interview results, it can be explained that most of the business actors viewed positively the purpose of the redenomination plan. A business actor named Effendy, aged 45, argued that the purpose of redenomination is to simplify calculations in the payment system by eliminating three zeros in the currency.

The simplification of calculations in the payment system, according to businesses, will reduce errors in calculations and bookkeeping, leading to increased efficiency in business operations. In addition, a 28-year-old businessman named Farhan sees redenomination as a step to modernize the Indonesian economy and potentially increase confidence in the Rupiah. Due to limited data storage in machines, rupiah simplification is very helpful to save time, reduce errors in reading financial statements that are often presented in millions of rupiah, simplify the calculation of statistical data for accounting report analysis. Finally, to increase the dignity of the Indonesian nation in the eyes of the international community. For people who work with foreign companies, or partner with foreign investors, this has a positive impact because the simplicity of the rupiah currency will raise the image of Indonesia (Susanti;Yusmaniarti, 2024). In addition to the positive impacts described above by the researcher, there are also negative impacts from the first point related to the purpose of redenomination, this can be explained from the results of the interview which stated that some MSME players expressed their concerns about the purpose of the redenomination plan. Businesses are concerned about the cost and logistical challenges associated with adjusting price tags, software systems, and accounting procedures. Then there are concerns about potential misunderstandings among customers who may not fully understand the redenomination plan. It can be concluded that the purpose of redenomination as an efficient calculation in the payment system does not necessarily have a positive impact on business actors, some business actors actually think that the redenomination policy whose purpose is to simplify payments has actually caused impacts that are the opposite of the original purpose of redenomination which is to simplify calculations in the payment system. This can be seen from the opinions of business actors that if redenomination is carried out, there will be an increase in prices due to changes in the payment system, which will result in a decrease in people's purchasing power.

According to the responses of business actors, redenomination is actually feared to trigger economic instability due to the potential increase in the price of goods and services due to price rounding. In addition, businesses are also worried that redenomination will incur additional costs for them, such as the cost of reprinting price tags. Meanwhile, if we look at the history of inflation, Indonesia has experienced several shocks and instability in currency value and inflation rate. And redenomination will be considered a failure if it experiences inflation or hyperinflation after the policy is implemented (Firliyanti, 2019). It can be concluded that business actors with unfavorable perceptions of redenomination believe that this policy can raise concerns about redenomination based on the potential impact on economic stability, such as price increases and additional costs which in turn will create unstable economic conditions.

From the interview results that most business actors have an agreeing perception regarding the purpose of the redenomination plan to accelerate economic growth, according to business respondents, simplifying the currency value can increase transaction efficiency and reduce operational costs. With a simpler currency value. The process of calculating and recording transactions becomes easier and faster, thus saving time and energy. In addition, redenomination is also expected to increase foreign investors' confidence in the Indonesian economy. It can be concluded that with a more stable and credible currency value, foreign investors will be more interested in investing in Indonesia, which in turn can boost economic growth.

Redenomination can expedite operational time and reduce errors for firms by streamlining financial processes. It will also lower the cost of software and hardware upgrades for information technology and accounting systems. Redenomination can benefit the public by streamlining transactions, lowering the possibility of financial loss, and enhancing the process of teaching and learning in basic education. The risk related to redenomination, however, must also be understood by the government and Bank Indonesia. These risks include inflation, increased state spending, rejection by some individuals, increased production costs, psychological repercussions, and possible conflicts between consumers and business operators (Permana, 2015).

**Table 3.**  
Crosstab and Chi-square Benefits of Redenomination

Perception	Value	Df	Sig asimtotik (2 side)	Chi-square Table	Findings
Purchasing power unchanged	19,369a	8	0.13	15.507	There is a significant difference in the perception of MSME actors on the benefits of the redenomination policy plan
Simplify financial transactions	16,329a	6	.038	12.592	
Reduces constraints	12,723a	6	.048	12.592	

Source: Data processed by the researcher, 2024

According to Chayati (2015) the benefits of redenomination are to facilitate the economy to be more efficient and to increase pride in the rupiah. In addition, there are several benefits of redenomination, the first is that there is no loss in redenomination because people's purchasing power remains the same value, redenomination can simplify financial transactions for MSMEs, redenomination reduces obstacles (human error) and after the establishment of the redenomination policy the inflation rate will stabilize. From the benefits described previously, the researcher aims to see the differences in perceptions related to the benefits of the redenomination policy, the results of data processing related to the benefits of redenomination will be explained below. From the interview results, some business actors viewed that the redenomination policy could be beneficial for their business activities. Business actors argue that redenomination will not cause losses due to the purchasing power that remains the same if the redenomination policy is implemented in the community. Meanwhile, some other business actors argue that if the redenomination policy plan is implemented, it will make the purchasing power in the community decrease or low which can harm their business activities if redenomination is implemented. So it can be concluded from the author from the first point of the results of the chi-square crosstab related to the benefits of redenomination on the influence of people's purchasing power due to the implementation of

this policy is divided into two. Some business actors believe that the plan of redenomination can harm them (business actors) due to the reduced purchasing power.

Udo and Agbai (2023) stated that redenomination can improve financial reporting and transactional efficiency, which could create an atmosphere that supports economic growth and company expansion. It can also work as a strong signaling tool, demonstrating a country's dedication to fiscal management and possibly drawing in international investment. But there are drawbacks to the shift as well, such as the expenses of system modifications, managing public opinion, and possible hiccups in global commercial relations. Additionally, consumer behavior may be influenced by the psychological effects on investments and savings, which could have an impact on domestic economic activity. When handled well, currency redenomination can spur economic growth, but its effectiveness mostly depends on careful preparation, astute communication, and productive stakeholder involvement.

Based on the money illusion theory, it is possible that a person or society tends to change their decision after a nominal change after redenomination (Priyono & Putri, 2019) which means that people who want to buy a good or service will change their decision not to buy the good or service as a result of redenomination, while some others argue that there will be no detrimental things for their business activities caused by the decrease in people's purchasing power due to the implementation of the redenomination policy. Business players argue that redenomination can help simplify financial transactions for MSMEs if the redenomination policy is implemented in the community. Meanwhile, some other business actors argue that if the redenomination policy plan is implemented, it will complicate financial transactions for MSMEs, which can harm their business activities if redenomination is implemented. The redenomination can help reduce obstacles (human error) if the redenomination policy is implemented in the community. Meanwhile, some other business actors argue that if the redenomination policy plan is implemented, it will add difficulties for business actors which can harm their business activities if redenomination is implemented. Some business actors believe that the plan of redenomination can reduce constraints (human error) for them (business actors), according to research (Permana, 2015) where currency with large numbers can lead to the potential for human error in data entry/collection, processing, and presentation will be greater. Meanwhile, some argue that there will be detrimental things for their business activities due to the fact that redenomination can help reduce constraints (human error).

Countries that are implementing redenomination even tend to experience money illusion where people make mistakes in assessing nominal or real changes. The policy of changing the nominal value of the currency and accompanied by high inflation will make it difficult for people to compare the real value before and after the policy ((Pambudi et al., 2014). Blanchard (2006) also categorizes this money illusion as the cost of inflation. Therefore, if there is a policy that changes the nominal value of currency when inflation is high, this can be utilized by sellers to increase the selling price because people's expectation of inflation is already high due to the current inflation rate and the price increase will be blurred by the money illusion caused by currency redenomination.

Table 4.  
Crosstab and Chi-square Impacts of Redenomination

Perception	Value	Df	Sig asimtotik (2 side)	Chi-square Table	Findings
Rupiah currency value unchanged	17,781a	8	.023	15.507	There is a significant difference in the perception of MSME actors on the impact of the redenomination policy plan.
Adjustment costs in business activities	18,523a	8	.018	15.507	
Favourable impact on long-term economic transactions	14,768a	4	.005	9.488	

Source: Data processed by the researcher, 2024

The announcement of Bank Indonesia to redenominate Rupiah invited a lot of criticism and praise, the problems that occurred during the implementation of redenomination were a decrease in people's purchasing power, redenomination could affect the price of goods and services sold by MSMEs,

there were adjustment costs in business activities due to redenomination, redenomination affected the feasibility of investment for MSME actors, and whether redenomination would have a positive impact on economic transactions in the long term (Dewi, 2013). This means that there are differences in respondents' perceptions related to the impact of redenomination. According to business actors who have a positive perception of redenomination can affect the price of goods and services sold by MSMEs, they argue that redenomination will simplify transactions, reduce operational costs, and increase efficiency, which in turn can have an impact on reducing prices or at least maintaining price stability of MSME products. Research supporting this view can be found in (Permana, 2015), which found that redenomination can improve the competitiveness of MSMEs through cost efficiency and improved transactions. According to business owners with a positive perception of redenomination, they recognize that there will be adjustment costs in business activities, such as software and hardware replacement, employee training, and reprinting of promotional materials. However, they believe that these costs are temporary and can be managed well. They believe that the long-term benefits of redenomination, such as simplified transactions, increased efficiency, and improved currency image, will outweigh the adjustment costs and benefit their business.

Meanwhile, businesses with negative perceptions perceive the adjustment costs as a significant burden. They are concerned that the cost of replacing software and hardware, training employees, and reprinting promotional materials will put a strain on business finances, especially for MSMEs with limited resources. In addition, they are also concerned that the adjustment process will disrupt business operations and potentially lead to financial losses. These concerns are reinforced by the lack of understanding about redenomination and uncertainty about its impact on the overall economy. The long-term impact of redenomination is the building of public confidence in the domestic currency, increased savings in domestic currency, and money saved outside the national financial system will enter the market. domestic currency, increased savings in domestic currency, and money stored outside the national financial system will enter the market. Currency redenomination will be successful only if it meets two conditions: a low inflation rate with a downward trend; and a successful economic reform and restructuring program, such as high real GDP growth (Ioana, 2011).

Business actors believe that the impact of redenomination is that redenomination will have a positive impact on economic transactions in the long run, according to business actors who agree stated that the large number of zeros (0) in rupiah will potentially complicate daily transactions in addition to the risk of carrying large amounts of money. This is also supported by researchers from Putri (2011) stated that calculations with a higher nominal are also more difficult to do than calculations with a low nominal, which in the end redenomination will be the right solution for conducting economic activities in the long run. Meanwhile, business actors who disagree state that the new currency is not good for long-term economic transactions, they are more comfortable in using the old rupiah currency rather than the new one because the old rupiah currency is already attached to their economic activities in conducting buying and selling transactions

## ***Discussion***

Money was created as a result of the difficulties that existed in shelter societies in the past. The main obstacle in bartering is the difficulty of getting the desired goods and services on demand. To overcome these obstacles, experts have created a tool that can be used to exchange goods and services efficiently and effectively called money. The broad definition of money is something that can be accepted by society as a means of payment in certain sectors or as a means of paying debts or as a means of purchasing goods and services. In other words, this money is a tool that can be used to exchange goods and services within a region. (Kasmir, 2016).

Redenomination is the process of changing the nominal value of paper currency or coins in circulation (Ullah, 2017). Countries that redenominate are generally developing countries that have a history of hyperinflation. Moslye explained that a high inflation rate is the reason for a country to conduct

one of the indicators that show the success of redenomination. If the inflation rate becomes higher after re-denomination, then the country is considered to have failed (Astrini et al., 2016). Redenomination is not the same as sanering because redenomination will not reduce purchasing power. Sanering cuts the value of money while reducing the purchasing power of goods and services. Sanering occurs when the economic condition in a country is not healthy. For redenomination, there are two ways that must be considered. First, the government must improve economic performance, including increasing the trade surplus, current account surplus, and attracting a lot of foreign capital so as to stop the strengthening of foreign exchange reserves. If this is done sustainably, the rupiah exchange rate will strengthen through market mechanisms. Second, the elimination of some zeros (as needed and feasible) so that the rupiah exchange rate is more inclined to strengthen through market mechanisms (Prasetiantono, 2013).

The purpose of redenomination is to smoothen calculations in the payment system in Indonesia. Re-denomination can only be done when inflation is stable. In essence, redenomination is a simplification of the payment system without impacting the economy. The success of redenomination is based on favorable public perception and understanding, which is based on public needs. The redenomination policy is inseparable from the Bank's policy that aims to achieve and maintain rupiah value stability. To achieve this goal, an efficient, fast, safe, and reliable payment system is required, thus requiring a healthy banking system. Redenomination of rupiah bills is one of Bank Indonesia's authorities in regulating and maintaining a smooth payment system in Indonesia. The background of Bank Indonesia's redenomination is; (1) the largest denomination banknote in Indonesia today is Rp100,000 which is the second largest denomination in the world after Vietnam's currency which once printed 500,000 Dong; (2) the emergence of unrest over the status of the rupiah which is too low compared to other countries' currencies, such as against the dollar, euro, and other global currencies. It is not a matter of substance but a matter of identity because the strength of the rupiah currency is relatively stable, foreign exchange reserves are safe, inflation is maintained, and economic performance is good; (3) the overly large denomination of Indonesian money will cause inefficiency and inconvenience in conducting transactions, as it takes a lot of time to record, count and carry money to conduct transactions, resulting in inefficiency in economic transactions; (4) maintain Indonesia's economic equality with the ASEAN region in entering the era of the Global Economy; (5) to dispel the impression that the nominal value of money is too large as if it reflects that in the past, a country has experienced high inflation or has experienced unfavorable economic fundamentals (Kesumajaya, 2011).

The implementation of redenomination takes a very long time. A transition period of at least five years is required and during that time merchants are required to label two types of currency, old money and new (redenominated) money so that public control can be established. Redenomination in Indonesia will be carried out in stages. In the first phase, two denominations will be introduced in 2013-2015, the old currency and the new currency. The old money with three zeros, and the new money with three zeros removed with the words "new rupiah". The next stage, in 2016-2018, will gradually run out of old money in three years. Furthermore, in 2019-2020, the government removes the inscription "new" on the money in circulation, so that all money circulating in the community is new money after being redenominated. However, the government gives 3 (three) years until 2023 to exchange the old money into new money.

Bank Indonesia feels that the rupiah denomination is already too large because there are too many zeros. The large number of zeros has an impact on inefficient transaction costs. Banks view that Bank Indonesia should be careful in redenominating the rupiah. This is because redenomination will have a major impact on the banking industry. The rupiah redenomination plan requires a very high cost and requires a very large investment in information technology.

Information technology needs to adjust to how many zeros money has. Bank Indonesia will also have to spend large amounts of money to replace and print new money. Redenomination of the rupiah must be accompanied by the development of public perception of the policy. The public must understand that redenomination is not a cut in the value of the currency, as such a perception will make people withdraw their funds from banks and invest abroad. Redenomination is done to face the ASEAN Economic Community. At that time, Indonesia can equalize the value of the rupiah with the currencies

of ASEAN countries. Basically, redenomination is a good thing, but it must be understood that readiness is the main thing so that Bank Indonesia must first socialize it to the public. Public readiness is the most important point for Bank Indonesia. Bank Indonesia can socialize the policy through seminars and advance notice to the community. If the community is not ready, but Bank Indonesia continues to implement the policy, there will be economic turmoil such as an increase in the inflation rate which will hamper development.

Indonesia's economic fundamentals are actually better than Vietnam, Laos and Myanmar, but unfortunately in terms of currency denomination, Indonesia is perceived as equal to these three countries. The simplification of digits in the Rupiah is expected to facilitate trade transactions, both goods and services, with ASEAN countries and increase the strength of the Rupiah as a signaling tool for the stability of Indonesia's economic conditions ((Sumando & Hasanuddin, 2017).

Prior to redenomination, Bank Indonesia must ensure that all relevant infrastructure is adjusted in such a way that the new currency has fewer zeros. The entire computerized calculation system in Indonesia, including accounting, electronic data processing, cash flow, and so on must be changed, and the changes accommodate the results of previous years. Without proper preparation, trading in the stock market will be chaotic as it will not be clear which companies are financially sound. Redenomination will only have a psychological effect on the stock market. However, it is important to remember that this psychological effect does not change the intrinsic value of the company. Economic policies that have a broad impact on society, should be well prepared and socialized. There must be coordination between the government, Bank Indonesia, the banking industry and all stakeholders related to this policy. The effect of mass psychology will lead to wrong perceptions among entrepreneurs, investors and the consumer community in general (Rahim, 2009).

Redenomination of shares does not change a company's fundamentals, such as its revenue, profit, or economic value. Therefore, investors should still conduct careful fundamental analysis before making investment decisions. In addition, share redenomination can also have a negative effect if it is not accompanied by tangible improvements in company performance, as it can create unmet expectations and undermine investor confidence. If the plan is well socialized, the stock market will not be affected and can move normally again. If the Jakarta Composite Index (JCI) slumped, then redenomination combined with high inflation sentiment made investors opt out of the stock market. Redenomination can have a negative impact on the capital market when inflation is high. In theory, redenomination will not have a negative impact on the economy. The fear of possible inflation will cause people to hold on to goods, especially goods that are not affected by inflation such as gold. This could affect the rate of economic growth as it could potentially reduce consumption.

If implemented and managed of redenomination are well, redenomination can increase capital inflow. Foreign investors can be more confident in the country's investment climate with a more reasonable currency value comparison. Capital inflow to the capital market accompanied by better return expectations, assuming a decline in inflation and improved macroeconomic policies, is very possible (Hausmann and Rigobon, 2002). However, all of these are long-term effects and depend on the government's ability to consolidate the implementation strategy of checking financial data, as well as reducing costs incurred due to customization of standard software packages purchased by companies (Sumando & Hasanuddin, 2017).

If there is an exchange of rupiah to another stronger currency, there will be a decrease in the value of rupiah against other countries' currencies. If businesses believe that the economy is running well, then redenomination can run smoothly. However, if businesses think that redenomination will cause the inflation rate to increase, then people's purchasing power will decrease. On the other hand, political stability is needed to create a positive psychological impact for businesses in responding to redenomination. For micro, small and medium enterprises, rupiah redenomination presents both opportunities and challenges. The opportunities offered are clear, as redenomination will increase consumers' willingness to buy goods and services, as the impact of psychological bias gives the effect that the price of goods becomes cheaper due to the loss of three-digit zeros.

The positive implications that are expected to occur for business actors with the implementation of the redenomination policy are first, increasing the efficiency of the data input process, database management and data reporting. For businesses, the implementation of redenomination will reduce bookkeeping or accounting records, recording transactions, storing historical transaction data, and simplifying the presentation in financial reports. With a simpler denomination, it will reduce operational time and the potential for errors in the process of recording transactions, data storage, and report presentation. Second, it reduces the cost of hardware and software customization of accounting systems and information technology. For businesses, especially those that provide financial services, with the simplification of the rupiah nominal, the need for customization of the the number of digit fields and columns in the database used will no longer be needed. In addition, the simplification of the rupiah digit will also reduce the need for transaction data storage and speed up transactions that use data communication networks (Permana, 2015).

Businesses just need to find ways to ensure that the desire to buy becomes an actual purchase. Meanwhile, the challenge is to update the pricing strategy used. In general, a pricing strategy is the policy of a company in determining the costs charged for its products (goods and services). This pricing strategy is important because the pricing strategy previously used may no longer be relevant. (Mahardika, 2013). Based on the discussion of the problems above, the hypothesis is there are significant differences in the perceptions of MSME actors.

## CONCLUSION AND SUGGESTION

This study, which aimed to analyze the perceptions of MSMEs in Pekanbaru City towards the planned Rupiah redenomination policy, found that there are differences in perception among business actors regarding this policy plan. The difference in perception is influenced by several factors, including the level of understanding of MSMEs about redenomination, the estimated costs and benefits associated with redenomination, and the potential impact of redenomination on business activities. Some MSME actors perceive the redenomination policy plan positively because they believe that the policy can provide benefits such as simplifying calculations in the payment system, increasing transaction efficiency, and economic growth. Meanwhile, other MSME actors perceive this policy negatively because they are worried that redenomination could cause problems such as a decrease in purchasing power, an increase in prices, and additional costs for business actors.

The results of this study have implications for policymakers, especially Bank Indonesia, in formulating and implementing the Rupiah redenomination policy. It is important to conduct socialization and education to the public, especially MSME actors, to increase understanding and awareness of the benefits and challenges of redenomination. For further research, it is recommended to conduct research with a wider scope and in-depth analysis to get a more comprehensive picture of the perceptions of MSME actors towards the redenomination policy. This study has limitations in terms of scope and data collection. The scope of this study is limited to Pekanbaru City, and data collection is limited to questionnaires and interviews.

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